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Ax the Fire Sprinkler Tax

By Board of Equalization Member Michelle Steel

Although the Long Beach Fire Department responded in record time to the March 28th Galaxy Tower apartment fire, their brave response could not stop the inferno from turning lethal. But, as Long Beach Fire Captain Mike Duree explained after the incident, "I can tell you without reservation; this could have been a preventable death." Preventable- if only the building was equipped with a fire sprinkler system. The tragic Galaxy Tower fire once again underscores the importance, effectiveness, and life-saving benefits of retrofitting high-rise buildings with fire sprinkler systems.

It doesn't take a fire captain to understand the obvious benefits of installing fire sprinklers in buildings. According to the United States Fire Administration, fires in buildings with fire sprinklers and smoke detectors are 82% less likely to be fatal than a fire in a building without the life-saving equipment. Additionally, fire sprinklers reduce the risk to our brave firefighters by restricting the fire's intensity and eliminating the need for heavy breathing equipment.

Unfortunately, Long Beach residents have become all too familiar with the lethal impacts of apartment fires. In December 2006, two people died in a fire at the Paradise Garden apartment complex. That fire appropriately prompted city leaders to commission a fire safety report from the Fire and Planning Departments on possible fire-safety ordinances.

The report's findings indicated that cost is the biggest impediment to the installation of fire sprinkler systems. Fire sprinkler installations in existing buildings can cost four to five dollars per square foot. New homes- although less expensive- can still cost an additional three dollars per square foot. For high-rise buildings like the Galaxy Tower apartment, the total cost can potentially exceed \$600,000.

While that number appears large, it does not begin to account for the added annual costs that fire sprinkler devices have on your property tax bill. Under current law, newly constructed buildings receive no property tax exemption for fire sprinkler systems, even if the systems are legally mandated. Because a fire sprinkler system adds thousands of dollars to a property's value, the owner's property taxes increase. For a large high-rise building, where a fire sprinkler system can exceed \$600,000, the fire sprinkler system alone adds a minimum of \$6,000 to the property tax bill.

With a large initial capital outlay and larger annual tax bill, it is no wonder why so many buildings lack fire sprinkler systems. According to the city's report, 54% of Long

Beach's high-rise buildings lack fire sprinkler systems. That is why I am sponsoring legislation to alleviate the property tax burden for new property owners who install fire safety devices like fire sprinklers. Assembly Bill 1239, authored by Assemblyman Martin Garrick, would allow new property owners to install fire safety equipment without increasing a property's base tax value. In other words, a property owner will no longer be punished on an annual basis with a higher property tax bill for installing a fire sprinkler system.

Assemblyman Garrick originally introduced the measure in response to the reconstruction efforts from the destructive 2003 San Diego fires. Many of his constituents attempted to rebuild their homes with fire sprinkler systems and experienced this financial barrier. If they installed the fire sprinkler equipment, they would face higher property tax bills. No resident should be forced to choose between fire safety and paying their property taxes.

As the City of Long Beach considers measures to require all high-rise buildings to have fire-sprinkler systems, it would also be well-served to lobby the State Legislature to pass Assembly Bill 1239. California might not be able to reduce the installation costs of fire sprinkler systems, but it can and should alleviate the tax burden these systems impose on property owners.

Michelle Steel represents 8.5 million taxpayers in the Third District of California's State Board of Equalization, including the counties of Los Angeles, San Bernardino, Riverside, Orange, Imperial, and San Diego. The Board of Equalization drafts the state's property tax regulations used by county assessors and annually collects over \$53 billion in taxes and fees.